THE TOMORROW OF FINANCE

By S. N. Patten

A man to whom I was quoting figures exclaimed: "I cannot think in terms of billions." This inability illustrates a defect in the popular thought. Men educated in a particular industry can think in its terms but they become lost when a national budget is presented. In most cases the situation is even worse for they think only in terms of a family budget. The majority of families have not even risen to this concept but merely spend when they can and seek credit for their deficit. It is no wonder that they become confused when the nation's budget is presented and even with the best intentions make serious mistakes when they undertake to handle government problems. Whether we will or no, the national budget is in terms of billions and solutions of national problems can be found only when a budgetary view of national affairs is adopted. Huge as the railroad problem is by itself, it cannot be settled apart from the other problems of national finance. Nor can we settle the food problem, the fuel problem or the shipping problem without a like reference to the related problems, each represented by its billions in national finance.

This popular confusion of thought is represented by the action of Congress which appropriates 20 billions for war purposes and authorizes only 4 billions of taxes. Revenue measures all have this same defect,—a lack of realization of the magnitude of the problems to be faced. It is easy to suggest means of raising 2 billions or even 4 billions of taxes. The proposer thinks he has done his duty by suggesting some small increase of taxation, forgetting that the deficit he leaves unprovided for will disorganize not only public credit but also private enterprise unless it is met in some adequate way. If private enterprise is not to be disorganized capital must be forthcoming regularly. The capital needs of the railroads have been forced upon our attention and must call for consideration under any system of government regulation, control or ownership. The problem of capital is but part of the larger problem of a national budget. Capital can come from two sources—profits or savings.

Latterly it has come from profits. In the tomorrow of finance it must come from savings. This is the issue that the railroads—indeed, all industry—must meet.

This brief introduction brings me to the heart of the problem and indicates the way the problems of national finance should be met. Our railroads, our food and our industry are parts of a national budget which we must visualize before any one issue can be adequately faced. The year 1914 was the last year of normal peace conditions. By contrasting the budget of this year with that of 1918 the exigencies of our present situation can be clearly seen.

NATIONAL BUDGET

1914	Billions	1918	Billions
Total production	40	Total production	70
Waste	10	Waste	18
Earned income	10	Earned income	16
Surplus	20	Increase of government expenditure	15
Annual increase of capital	2	Increase of currency	3
Annual increase of values	5	Excess of exports over imports from 1914 to 1918	8
Stock	12	Decrease of stock	8
Ground rent	4	Decrease of industrial capital	2
Total bank deposits	18½	Decrease of security values	10
		Government bonds held by banks and other credit institutions	4
		Total bank deposits	26½

The year 1914 was a year of sound prosperity and of it the facts are well known. The basis of my budget is the income of that year which is usually placed at 30 billions. The addition I have made, which is the only unique feature of the table, is an endeavor to estimate the waste of the year. We overestimate the evils of economic stress if we do not show the economy which reduced income imposes. A war budget of 10 billions does not mean a like diminution in national welfare. The reduction of waste eases the situation and prevents acute suffering.

By waste I mean any loss of material which does not result in full production. If the material for three suits of clothes passes into the consumer's hands only as two suits, there is waste. If a hotel buys twice the quantity of food which the consumers get, there is

waste. So also is it waste if willing workers can find no employment or if they are prevented from working by unnecessary sickness. Add all these maladjustments together and the sum of annual waste becomes a striking magnitude. It is a modest statement to affirm that the production which does not reach the ultimate consumer plus the failure to produce which known methods could have prevented, amount to one-fourth the real production. Waste is not important in estimating the income of past years. It is significant only as it alters the pressure which a period of national stress imposes . Far more important is the estimate of the annual amount of earned income as contrasted with the surplus enjoyed. Here estimates are widely different, not because the facts are in question, but because of differences in opinion as to where various items should be placed. The ordinary business man reckons the surplus as the amount left when the year's expenses are paid. He thus regards it the same as the annual increase of security values which amount to five or six billions a year. A single taxer assumes it to be the same as the total amount of ground rent which is perhaps 4 billions a year. Capitalists regard their interest as an earned income and professional men likewise count their earning as a payment for their costs.

These estimates I have discarded as expressions of personal feeling which creates a bias in each group in favor of its own form of income. All the confusion about the distribution of wealth is involved in this discussion and all the uncertainty of its results. If the various claims were added they would not tally with the known national income but would greatly exceed it. The general result is the denial of the power of the government to make large expenditures. Each class wants its share exempted and what is left may suffice to meet the ordinary expenses of government but it is not enough to meet the expenditure of a great war. Can we meet the expenses agreed to by Congress for the year 1918? "No" must be the answer if these class estimates are accepted. Who has discovered how to raise more than four billions on the basis he accepts? It was impossible to raise the tax rates higher than they were placed, so great was the pressure from many groups each with its own special interests to guard.

The solution is not to accept any of these pleas but to base exemptions on vital needs measured objectively. The real surplus

is the difference between the amount produced and that needed to maintain the personal welfare of the population. We now have accurate measures of the demands for food, shelter and clothing. The figures show that they are from $600 to $800 a year, varying with the size of the city in which people live. But this $800 for large cities represents food prices as paid in retail stores. There are profits to someone on these sales and on the house rents representing land values. Labor costs would thus be these prices minus the profits of storekeepers and landlords. A fair estimate of labor costs would be about $500 a year per family or $100 a year per person. A sum of 10 billion dollars a year is thus needed to support the population of 1914 at the prices then prevailing. What is not included in these costs is surplus. With it the people buy the comforts and luxuries they enjoy but which they could forego without physical detriment if a period of national stress demanded the sums thus expended for national purposes. We may therefore assume that in 1914, of the 30 billions of income, 10 billions was needed for the physical welfare of the people and that 20 billions was a surplus which might be diverted to national purposes without a lowering of the standard of life. No such sacrifice of comforts and luxuries has been demanded nor is it likely to be. It, however, represents what Germany is doing and why the German people have held out so long and so well. Such suffering as Germany has had to endure is not the result of the reduction of income which has been demanded but of wrong estimates made at the beginning of the war. The new view of food values was not accepted by the Germans at the beginning of the war. As a result they killed off their live stock too rapidly and could not replace it when they found their shortage was in fats and not in proteins. Such a mistake may be fatal to a blockaded nation like Germany but it does not affect America with its generous supply of all needed commodities. We could feed, clothe and house our people for $100 per person. The rest is surplus on which the nation has a first claim.

Such are the problems of sustenance. The increase of prosperity on which the increase of surplus depends is largely a question of the increase of capital. A conservative estimate of this increase is 2 billion dollars a year. This means that production exceeds consumption by this amount. The sum, however, grows with every

improvement in the processes of production or in the utilization of the labor force. These improvements add about 200 million to the surplus each year and show our rate of annual progress. But far different from these estimates are those of the increase of values. The increase of values is the increase of security values determined by the market price of stocks and bonds. Of these prices, our knowledge is fairly complete and indicates an increase of values from 4 to 6 billions a year. The increase of security values is thus more than double the increase of capital as measured in stock and physical improvements. This is due to the low rate of interest which gives high security values. We have a nominal rate of interest (4 per cent) in which values are estimated when the real rate is nearer 8 per cent. So long as the two rates are so far apart, the rapid rise of security values is inevitable. The values thus made are not real but estimates based on the rate of interest. We are said to be worth 200 billions but a rise of the interest rate from 4 to 5 per cent would take a quarter from these estimates.

The budget of 1918 represents the conditions of January 1 and is therefore subject to change as the facts of the year become more fully known. The essential difference is due to the rise of prices. Of this, various estimates have been made varying from 60 to 100 per cent. The cost of living has risen 88.5 per cent according to the figures of the Federal Department of Labor. Agricultural produce of practically the same amounts valued at 10 billions in 1914 were valued at 21 billions at the close of 1917. It would seem therefore that an increase of 75 per cent was a conservative estimate and on this basis the money value of the national income would rise from 40 billions in 1914 to 70 billions in 1918. The figures I use for waste do not mean an increase in the amount wasted but in the value of what is wasted. Rises in wages are difficult to estimate as they are different in the various occupations. Unskilled labor has perhaps gained a net advantage through the rapid rise in its rate of payment but skilled labor and the lower range of salaries have gained but little. Between groups as varied as they are it is hard to strike an average. There can, however, be little doubt but that the workers and the salaried groups have as a whole suffered by the change. A rise of 60 per cent is probably an overestimate of the advantage they have received.

On this basis the money value of the national surplus would be

about 40 billion dollars of which the government takes 15 billion in taxes and bond issues. This would leave 5 billions still in the hands of producers as extra profits, an estimate which is probably below the actual figures.

Great inroads have also been made in the stock of goods, so great in fact as to change the surplus of 1914 in many cases into a deficit. This shortage we are beginning to feel and will feel more severely as the year progresses. The 12 billions of stock held in 1914 has been reduced to below 4 billions. My estimates are based on these facts. The excess of exports over imports for the three years from 1914 to 1917 inclusive was 8 billion dollars. In return for this we have received about 5 billions of American securities held abroad and 3 billions in cash. As there has been little or no reduction in the amount consumed, the condition of today differs from that of 1914 namely in the reduction of stock. Goods have gone out while securities and gold have flowed in.

In addition to this change there has been an actual loss of industrial capital. The railroads have not kept up their rolling stock, the evil effects of which we now keenly feel. Manufacturers have saved by using their machines and tools for a longer time and thus reduced current expenses at the expense of the future. Many factories have been transformed into military establishments which process reduces the industrial capital. Such a factory must be rated, not as it yields for war purposes, but as it will yield when it is again put to industrial uses. The income of war plants is not national income but a part of the expenses of war.

The loss in security values has also been equally severe. The amount of securities listed on markets are estimated at 40 billions and the average decline in value has been 25 per cent, thus making a loss of 10 billions in values to be added to the loss of 10 billions in goods. The amount of bank deposits were 18½ billions in 1914 and 26½ billions in 1917. This seems a gain but if the rise in values has been 75 per cent the deposits of 1917 would purchase 6 billions less goods than would the deposits of 1914 at the prices which now prevail. These all represent pre-war losses. Our war expenses come under another head. Of the bonds sold at least 4 billions were still in the hands of the banks or related institutions at the beginning of the year. The public have promised to take much of this, thus relieving the pressure on the banks, but it must be done by a con-

traction of expenditure on their part in the year 1918. It is a deficit weighing on national resources until these promises are fulfilled.

The equilibrium in terms of the budget of 1914 left a surplus of 2 billions for future investment. Given the same disposition to spend in 1918, an increased government expenditure of 15 billions would leave a deficit of 13 billion dollars. A new equilibrium thus demands a decrease of nearly a third in personal expenditure. There is little in the history of the last three years to show that measures thus far devised will produce the desired result. The year 1917 shows no net decrease in personal expenditure. Many have doubtless promised to save in the year 1918 but promises are valueless unless measures are devised to make them effective. Were the situation merely a result of the war, we might regard it abnormal and wait for peace to restore what the war has disturbed. There is, however, much evidence that the situation is the normal outcome of far-reaching changes which were manifest before the war but which have become active forces only under the pressure which the war has created. Had 10 billions of extra funds been demanded at any time in the last ten years, the same crisis in national finance would have occurred. The reason is that there has been a sharp increase in the urgency of consumption due to the cheapening of comforts and luxuries which thus produces an increased desire to spend. At the same time the increased security of salaried incomes has reduced the willingness to save. An annual expenditure in the form of life insurance will give a stability to family life which a real saving fails to secure. We have ceased to be a nation of savers and have become a nation of life insurers. This means security and increased happiness but it does not involve that rapid increase of capital which former methods encouraged. The low birth rate adds to the intensity of present expenditure and is probably its result rather than its cause. But it tends to an equilibrium between expenses and income which shuts out saving. There is still some saving among families whose incomes are under $1,200 a year. The uncertainties of work, of health and of life keep active many of the older economy motives and make an annual surplus a necessity. But if the class whose incomes range from $1,200 to $4,000 were put in a group by themselves, they would probably owe society more than society owes them. They have ceased to own houses for

apartment life suits them better. They own automobiles, but they are in debt for them. They may go to high priced theaters less but they patronize motion pictures more. They are well housed, well clothed and enjoy summer vacations, but all these add to the urgency of present expenditure and leave less room for the saving by which capital is increased. If we add to this the rapid increase in display advertising and the growth of department stores we complete the picture of the growing power of expenditure over the saving instinct.

These facts are not war facts but a statement of tendencies clearly evident before the war came on. I have frequently called attention to them as a social change to which industry must adjust itself. The war has made a crisis in that it increases national expenditure without reducing the pressure of individual wants. The growing deficit of pre-war times becomes a startling fact when it is coupled with the present war expenses. I say pre-war deficit because the pressure of deficit would have been felt then if it had not been covered by the savings of the small class whose incomes exceed \$5,000 a year. Their profits have been high, leaving an excess for saving in the face of increased expenditure. The rich in this sense had probably a gross income of 10 billions before the war, of which they saved perhaps one-quarter. This would account for all the saving made at that time. If people with smaller incomes had no deficit they were fortunate. Certainly the class as a whole contributed a negligible sum to the national saving. Many complaints are made that all the increase of wealth goes to the rich, but with the lack of motive to save it is hardly possible that it would be otherwise. Only the prosperous have an income which exceeds their urgent wants. Families with medium income live as they go and the workers save only to meet the exigencies arising from sickness and non-employment.

I picture this pre-war situation so as to show the crisis the nation then faced. The period from 1900 to 1910 were flush years in which large profits were made. The industrial surplus was placed on the investment market and the rate of interest forced thereby to below 4 per cent. At the same time the sources of amusement and pleasure were vastly increased making a pressure for consumption by which the income of the average family was used up. The people thus ceased to save, but the loss of these savings was not felt

because of the vast surplus made in the newly enlarged industries. Capital thus ceased to be savings and became industrial profit. The low rate of interest forced up security values to such a degree that one dollar of real capital became two dollars of values in security. By 1910, the sources of the great surplus in the large industries were in a measure reduced and the supply of fresh capital fell off. A check on the increase of capital was thus created which could be met in only two ways. Either a higher rate of interest must be offered and popular saving evoked, or higher rates must be charged so that the industrial surplus would be sufficient to permit the proper increase of capital. If a higher rate of interest were offered security values would fall. A 5 per cent rate instead of 4 per cent would decrease security values by a quarter. Naturally this solution did not appeal to the nation's financiers. They chose the other plan of forcing up rates so that the increase of capital would come from the surplus thus acquired. This policy is apparent in the case of railroads whose values would be most affected by a rise in interest rate. Everyone is familiar with the struggle about rates between the Interstate Commerce Commission and the railroads. The rates were held down. The railroads refused to offer higher rates of interest, stopped making improvements and practically ceased to increase their rolling stock and other equipment. A crisis in railroad finance was thus approaching even if the war had not intervened. Low profits and a low rate of interest do not match. One or the other must yield. But the issue was put off by the war which has for the time brought high profits and has reversed the tendency for lower rates. The element desiring that capital be created out of profits is again supreme and will probably remain so while the war lasts. But the issue, although delayed, cannot be avoided. A system of finance that depends on profits to create new capital must move in one direction while a democracy must go in another. The increase of capital as well as the expense of the war must come from high profits or from popular economy. Of the former plan all are familiar since it is the method of finance on which recent prosperity has depended. With democratic finance we are less familiar and to use it would reverse many well-established financial maxims.

Every reduction of the interest rate adds to the value of what the prosperous have and creates a sharper gulf between them and the less fortunate classes. The less the rate the more difficult is the

advance from lower to higher social ranks. It may seem that a reduced rate is of popular advantage as when the mortgage rate of interest is lowered. But the advantage is to present holders only. They gain by an increase of values while to others the difficulty of acquiring farms grows. A low rate of interest means high farm values and a growth of tenant workers. It is hard to find a locality where the rate of interest has fallen below 6 per cent without breaking up the community life of farmers and substituting in their place a much lower class of tenant farmers. The problem is not solved, however, by dealing with a specific class no matter how important they are. The real problem is what motives can be placed around a people so they will do their own saving. A 4 per cent rate will not do this. There never has been in the past much popular saving below a 6 per cent rate but even this rate may fail under the new pressure for increased consumption. While the rate which will evoke sufficient popular saving cannot be stated, the general issue may be seen by contrasting the conditions of a farming community with a 4 and an 8 per cent rate of interest. An 80 acre farm with an 8 per cent rate would be worth $4,000 ($50 an acre) while with a 4 per cent rate it would be worth $8,000 ($100 an acre). If a working man can make a net saving of $100 a year and he must pay one fourth of the purchase money to buy a farm, he can become a land owner in 8 years if the rate of interest is 8 per cent while it will take him 18 years to save enough to buy the farm if the rate is 4 per cent, thus making the selling price $8,000 of which he must pay one-fourth down. It is easy to see that in the first case, workers will become landholders and the standards of the community will be maintained, while in the second case the long wait will lead to discouragement and to the migration of the better workers to some other occupation. There is no way in which a unified community standard can be upheld where such high values and low rates of interest persist. A social split is sure to occur dividing the community into a leisure class and a large mass of dependent workers. The same tendencies show themselves in industrial occupations although it is not so easy to contrast the motives which operate to discourage one class and to give advantage to the other. But democracy demands the same in both cases and the solution is not different. Suppressed motives must be evoked and the obstructions to social unification set aside.

To make the bearing of these statements plain it is necessary

to define more clearly the meaning of an economic democracy. An economic aristocracy is a society where the capitalists are a self-perpetuating class distinct from the workers both in occupation and in motive. Capital once saved is perpetuated and gives to its holder advantages denied to other classes. Low rates of interest with extraordinary inducements for individual enterprise are the basis of this condition. The high personal rewards give the basis of large fortunes and the low rates of interest stop the growth of competing capital. In contrast to these conditions a democratic economy is one in which privileges do not endure. All personal advantage is slowly reduced so that in time any family or class loses its industrial superiority and sinks back to the common level from which it must take a fresh start if its advantages are to be renewed. From shirt sleeve to shirt sleeve in three generations is an old adage which has a social significance if it means that the superior energy of one generation does not lift a family into a self-perpetuating leisure class. The adage implies that the descendents will be extravagant and thus lose their superiority. Socially, however, the advantage should not be lost in this way but by conditions which prevent the self-perpetuation of capital. This self-perpetuation is now favored because it is believed to be the only means by which an adequate supply of capital can be obtained. But the need of this perpetuation depends on the rate at which new capital is secured. Low rates of interest check the increase of new capital while high rates encourage it. The problem of democratic finance is to get a rate of interest which will produce a growth of new capital large enough to supply an increasing industry and to replace the decrease which is actually taking place in old capital. If, for example, old capital decreased at the rate of 2 per cent a year while an increase of 3 per cent a year was demanded to supply the increasing need of industry, the annual increase of new capital must be at least 5 per cent a year. If this condition were brought about, we would have democratic finance and the permanance of class distinctions would cease. Everyone would be permitted to gain whatever advantages his superior advantages permitted but what he left to his heirs would not be a self-perpetuating fund; it would be merely an annuity which would finally disappear.

The difficulty is not in preventing this self-perpetuation, but to secure the requisite capital to take its place. We now think of

capital as a permanent fund and do not realize how an industrial system could work without it. The advantage of capital now seems to lie in elevating one's family into the leisure class. A democratic view would not be this but the creation of a period of economic leisure for one's old age. We realize the advantage of limiting the hours of labor in each day, but we do not in a similar way see the advantage of limiting the years of labor. We stop work at 5 p.m. but we do not stop industrial activity at sixty. This lack of a social concept is largely due to the shortness of life in the past and to its uncertainty. Just as men were glad to get work they were glad to work until they dropped dead. The decrease of disease and the growth of sounder views of life permit us to think of a thirty-year working period as we now think of an eight-hour day. Should this view become prevalent a new attitude about saving would result. Men would save freely during their working period and spend freely in their old age. Their capital would become an annuity and not a permanent fund. Each generation would supply the capital for its successor who in turn would save for those which follow. A continuous destruction and replacement of capital would result with no permanent class enjoying its advantage. The old would lend to the young and the young would save for their old age leisure.

The longer life and the better living are now realities and will engage more attention no matter what financial system we use. The choice is between low rates of interest with a permanent leisure class and high rates with democratic saving by the whole population. The heredity of the upper and lower classes are not different. It is conditions which evoke saving habits and they may be made general by calling them into activity with the proper inducements. When a region is new and capital scarce, there is no difficulty to arouse the proper amount of saving. It is when the inducement fails because of low interest rates that the division into classes appears. If taxation had prevented this self-perpetuation of capital the general inclination to save would have continued and fresh capital would have appeared each year to replace that lost by taxation.

A democratic society must think more of its health, more of the length of life and more of leisure both in old age and from day to day. It must be a working organization active and efficient but it cannot afford to be 100 per cent efficient in work and only 20 per cent efficient in its amusement, recreation and leisure. Production

and consumption must complement each other and each bring its joys. Democracy is a many-sided life and not an alley leading to a single goal.

These statements I assume will be accepted in a vague way by most people who read them. We have become so used to the presentation of Utopias that we read of them with pleasure and forget them with equal readiness. It is only as they are transformed into facts that they become realities for the realization of which practical plans may be devised. I shall try to do this by presenting figures which show how the ends desired may be reached. We must begin this with a study of the prosperous for it is with changes in their attitudes that we are mainly concerned. We are as a class quite willing to lecture the workers but we do not take home the lessons taught. Many budgets have been presented of workers and we know fairly well of the merits and defects of their expenditure. We lack a like picture of the upper middle class whose expenditures are more than any other factor the cause of the present situation and the obstacle to its improvement. I shall present not the usual budget of the workers which visualizes the minimum of necessities needed by working families, but a budget of those whose expenditures represent the lower limit of good living. These "good livers" represent the tendencies of the prosperous and the pressure to spend forced on them by the social life they enjoy. In the cost of an automobile I have included depreciation charges. A $1,200 automobile run by the owner will cost him $300 a year on this basis. The rule for wise insurance is that the income to be derived from it should equal half the family income.

THE MINIMUM OF GOOD LIVING

ANNUAL BUDGET

Rent	$800	Summer expenses	300
Automobile	300	Amusement	200
Service	300	Generosity	200
Clothing	300	Taxes	100
Food	600	Extras	200
Household expenses	100		
Insurance	600	Total	$4,000

The defect in this budget is not from the personal but from the social viewpoint. The comforts of life are provided for but there is no pressure to encourage thrift. Such a standard is therefore in-

complete and undemocratic. It is incomplete in that the thrift instinct must be aroused to make a normal man. A thriftless man is as liable to degeneration as is a man who does not work. Such families, however pleasant and wholesome, sink in intelligence and vital power. They are also undemocratic because if they do not save there must be a capitalistic class to perform this function, and back of them, a predatory class to amass the fortunes which the capitalist class inherit. Only when energy and thrift are combined and simultaneously evoked, will a democratic family appear which is thus independent and self-determining. To bring this about a thrift item must be added to their budget and thrift motives evoked by a sufficing rate of interest.

The working epoch of each man should be followed by a period of leisure in old age. During the working period he saves, in old age he spends. What sum of annual saving will give a thirty-year period of work and saving coupled with a period of twenty years' leisure in old age? If the sum of this saving sufficed to keep up the capital of the country there would then be a replacing capital instead of the permanent fund now sought. There could then be fresh capital saved each generation to replace the spending of their predecessors of the past generation. Capital in one sense would be permanent for enough would always be at hand, but it would be temporary in the sense that the capital of each generation would go as they go. To bring this about would demand an annual saving of $400 a year if the rate of interest remained at 4 per cent while an annual saving of $200 a year would suffice if the rate of interest was 8 per cent. It is plain that $400 a year of saving would exceed present possibilities while a saving of $200 a year is practicable. If the actual return on capital is now 8 per cent there is no external obstacle to an unified democratic society. It is the thrift-pressure which we need and this cannot be evoked while the rate of interest remains at 4 per cent.

Such a picture the reader may regard as picturesque if he will. It is not this which I have primarily in mind but to show the dilemma in which the nation is at the present time. We have had in the past a society more or less predatory in its nature. The gains of the few were at the expense of the many and out of these gains came the capital of the nation. The "good liver" is an adjunct and completed product of this epoch. But against this régime the people

have of late revolted and pressure has been put in ways which have reduced profits. However, capital came from these high profits and with their reduction comes a failure to supply the capital needed for industrial enterprise. This restrictive economy is thus bound to fail. The check to the increase of capital must be obviated either by a return to the epoch of high individual profit or by pushing on to a more democratic society in which the people do their own saving. Such a choice the American people face and to which they will turn I cannot say. But I can say that a policy of restriction will not work. I can also say that a more fully democratic society is a practical expedient if the mental attitude of the people is altered to meet the new situation. The struggle of coming years is thus not a struggle with nature but a struggle of conflicting motives. Our democratic ideals may become real forces, or a keen desire for good living may keep active the forces on which our social class distinctions depend.